



Alaska Department of Labor and Workforce
Development

Employment Security Tax

Economy of a Community

- Provide unemployed workers with the money to spend and continue to pay their bills in their community.
- Lessen the negative impact an unemployed worker has on the community until the worker can become reemployed.

Reimbursable Employer

- Options
 - Non-Profit employers
 - Government entities
- Reimbursable employers reimburse the UI Trust Fund 100% of unemployment insurance benefits paid to unemployed former employees.

Contributory Employer

- Non-profit and governmental entity employer not electing to be a reimbursable employer.
- For-profit employers

Who contributes to the UI Trust Fund

		Percent		
Year		2008	2009	2010
•	Employees Pay	20%	24%	27%
•	Employers	80%	76%	73%

Employee's Portion

- Employees
 - Alaska is one of three states that has a provision in its law that requires employees to pay into the UI Trust Fund.
 - Pay .5% of their taxable wages. Of those wages.....
 - 50% of the .5% is deposited into State training programs:
 - .1% is deposited into STEP (State Training and Education Program).
 - .15% is deposited into the TVEP (Alaska Training and Vocational Education Program).
 - 50% is deposited into the UI Trust

Contributory Employer Tax Rates

- Industry Rate
- Experienced Rate
- Standard or Penalty Rate

Rate Class Schedule for 2009

Tax Class 1 = 1.00%

Tax Class 2 = 1.00%

Tax Class 3 = 1.00%

Tax Class 4 = 1.00%

Tax Class 5 = 1.00%

Tax Class 6 = 1.00%

Tax Class 7 = 1.00%

Tax Class 8 = 1.00%

Tax Class 9 = 1.02%

Tax Class 10 = 1.15%

Tax Class 11 = 1.15%

Tax Class 12 = 1.29%

Tax Class 13 = 1.42%

Tax Class 14 = 1.56%

Tax Class 15 = 1.62%

Tax Class 16 = 1.69%

Tax Class 17 = 1.76%

Tax Class 18 = 1.83%

Tax Class 19 = 1.89%

Tax Class 20 = 1.96%

Tax Class 21 = 5.40% (Penalty rate)

UI Trust Fund Solvency Level

- Historical data and future predictions determined the optimum solvency level of the UI Trust Fund.
- The difference between the current level and the optimum solvency level of the UI Trust Fund is what determines the amount needed to be collected over the next year.
- This figure is used to determine the employers rates.

Alaska UI Program

- Required to audit 2% of Alaska employers.
- Last year Tax refunded \$1,828,765 to employers
- 17,879 registered employers in Alaska.
 - Approximately 250 are reimbursable employers
 - The remaining are contributory employers.
- 70% of Alaska employers have less than 10 employees.

Tax Educates Employers

- Laws governing what has to be reported.
- Educate employers on the laws that can help reduce their taxes.
 - Options
 - Bonuses
 - Bi-weekly payrolls
 - Accounting anomalies

TOS(Tax Online System)

- No mailing
 - File wage reports
 - Pay thru EFT (Electronic Fund Transfer)
- 38% of our employers are using TOS
- 84% of our wage rows are filed through TOS.
- Large employers are required by Regulation to file online through TOS
 - Has 100 or more employees
 - Yearly payroll over a million dollars.

TOS

Convenience for the employer

- Information available online
 - View previously filed online reports
 - Check on payment
 - Get balance on account
- Other
 - Address Change
 - Change Registration Information
 - Close an Account
 - Change Responsible Party information

TOS helps prevent fraud to the UI Trust Fund

TOS wage reports are entered into our system up to 4 weeks earlier than those by mail.

- A crossmatch detects people working full-time and collecting unemployment insurance benefits.
- Detecting fraudulent activity quickly prevents future fraudulent payments.
- Fraudulent claims increase taxes for all employers.

UI Program works with Employers

As our employer are repeat customers we want to:

- Educate
- Contact and work with employers
- Talk to different employer groups

Thank You

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Chief of ES Tax

<http://labor.state.ak.us/estax/home.htm>

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